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SUBJECT: LUXEMBOURG: DISGRUNTLED WORKERS DISRUPT PARLIAMENT

11. SUMMARY Disgruntled laborers in Luxembourg's gas and electricity sector deliberately sabotaged the city's power sources on October 14-15, disrupting a session of Luxembourg's Chamber of Deputies (National Parliament). The employees responsible appear to have been acting in response to legislation passed on 14 October liberalizing the gas and electricity markets in Luxembourg. The response of the workers, while not terribly disruptive to the city's and parliament's operations, is indicative of the difficulty the newly-formed Luxembourg government may encounter in attempts to implement significant reform in labor sectors. END SUMMARY

12. Frustrated employees in Luxembourg's gas and electricity sectors deliberately caused two significant power failures in the capital city on October 14-15. The first failure affected Luxembourg's Chamber of Deputies, interrupting parliamentary debate and an address by the nation's Health Minister, while the second sabotage affected various sectors of the city's power grid. The workers appear to be reacting to legislation passed on October 14. The legislation, adopting an EU directive into national law, comes nearly two years after the EU first passed the directive calling for the liberalization of the gas and electricity sectors. Parliament was initially scheduled to review the legislation earlier this year, but the government feared demonstrations prior to the June national elections.

13. In the end, the government's fears proved prophetic. Approximately 160 workers heeded trade unions' calls for a strike on October 14, demonstrating in front of Parliament and causing a few last-minute changes to the agenda of Irish President Mary McAleese's State Visit. (NOTE: The Chamber of Deputies meeting hall is adjacent to the Grand Ducal Palace. END NOTE) A few workers, however, took the additional steps of causing power failures within the city's power grid.

14. Luxembourg's electricity and gas workers are civil servants. The legislation passed on October 14 privatizes the two sectors, but allows the workers to keep their status and benefits as employees of the state - thus, ensuring job security and competitive earnings. New employees, however, would not be considered civil servants. The Grand Duchy's Civil Service represents a majority of Luxembourg citizen-workers and is often seen as a badge of honor and considered the hallmark of a family's standing in Luxembourg. The workers were likely reacting more to perceived loss of status than in actual quality of life. The workers and unions also fear the legislation may establish a precedent that will lead to similar legislation affecting other labor sectors in the future.

15. Luxembourg's mayor, Paul Helminger, argued that the new legislation does not drastically alter the status quo. Although privatized, the GoL remains the largest shareholder in the city's new private energy provider, holding approximately 60% of the shares. Helminger added that the majority state ownership equates to total public control over the city's energy supply, and since workers are able to maintain their status and benefits as civil servants, the

European Union directive can be satisfied, workers remain happy, and the state continues to guarantee provision of gas and electricity to its citizens.

¶6. COMMENT: The reaction is symbolic of difficulties the government may encounter in any sweeping reform the GoL may seek to undertake regarding the nation's civil servants. The minor disruptions to the city's power flow do not bode well for new Labor Minister Nicolas Schmit, having recently taken the helm of one of the most scrutinized Ministries in Luxembourg. Future efforts to reform the civil sector in Luxembourg may be met with even greater unrest

¶7. Post point of contact is (acting) POL/Econ Chief Adam Center, e-mail: CenterAM@state.gov.

BIEDLINGMAIER